

Combines

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Britain

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COMBINES IN BRITAIN

It is often asserted in Canada that protection fosters combines and that a country enjoying free trade is exempt from the evils of monopolies and trusts. An article entitled, "The Growth of Monopoly," by H. W. Macrosty in the "Contemporary Review" for March, 1899, told a very different story. At that time, according to Mr. Macrosty, single amalgamations, while not entirely excluding competition controlled the screw, cotton thread, salt, alkali, and india-rubber tire industries in Great Britain. In many cases where an actual consolidation had not taken place there was an agreement to maintain prices. In Birmingham 500 employers and 20,000 workmen were working under agreements to maintain prices, which were fixed by committees after examining the conditions of manufacture. Mr. E. J. Smith, the author of the Birmingham scheme of trade combination, said in January, 1898: "It was first adopted seven years ago in the metallic bedstead trade, and has been so successful in that industry that the trade is to-day

one of the most envied in the country. Since then it has been tried by the makers of spring mattresses, cased tubes, spun mounts, rolled metal, brass wire, metal tubes, iron and brass fenders, china, furniture, electrical fittings, pottery ware, common building bricks, and iron, brass and electroplated coffin handle plates and ornaments. Amongst other manufacturers who are taking it up are the makers of jet and Rockingham wares (potteries) galvanized hollow-ware, and brass and iron pins."

"There is no open market in antimony, nickel, mercury, lead pipes, fish supply and petroleum," said Mr. Macrosty. "Steel and iron rails are controlled by a ring. All the largest paper mills engaged in making newspapers have just consolidated their interests into one large combination. In the engineering trade twenty-four firms have a subscribed capital of £14,245,000. In 1897 Armstrong & Company absorbed Whitworth & Company, raising their capital to £4,210,000 in the process. In the spring of 1897 Vickers & Company, the armor-plate manufacturers, bought up the Naval Construction and Armaments Company, and later they acquired the Maxim-Nordenfelt Guns and Ammunition Company. Now they boast of being the only firm capable of

turning out a battleship complete in every respect." The firm of J. & P. Coates of Paisley, after being formed into a limited liability company for the manufacture of sewing thread with a capital of £5,750,000, absorbed Kerr & Company, and Clarke & Company of Paisley, Chadwick & Company of Bolton, and Jones, Brook & Company of Meltham, the capital being raised to £10,000,000, on which a dividend of 20 per cent. is being paid. In December, 1897, the English Sewing-Cotton Company, consisting of an amalgamation of fifteen firms, was floated with a capital of £2,000,000. Messrs. Coats took a large amount of the stock and it was thought that this would lead to an amalgamation with the great Paisley combination. In 1899 the new firm absorbed the Glasgow firm of R. F. & J. Alexander with a capital of £475,000. Seventeen firms of cotton spinners, mostly in Manchester and Bolton, had combined under the name of the Fine Cotton Spinners' and Doublers' Association, Limited, with an immense capitalization. The Bradford Dyers' Association, Limited, is another combination which in 1899 embraced twenty-two firms with a capital of £4,500,000 and employing 7,500 men. As a result of a recent amalgamation of several coal companies one combination

employed 12,000 men, and an attempt had been made to consolidate all the coal companies. In the distributive coal trade W. Cory & Sons, Limited, formed by the union of eight large firms, handled 5,000,000 out of 8,000,000 tons of coal that reached London by sea in 1899.

In the retail trade the small man has a desperate struggle to retain a footing. Great department stores known as universal providers are crowding out the smaller stores. The joint stock system has spread to the distributing business. The capitalization of trading companies in the grocery, provision, meat, oil and drug trades organized in 1896-7 was over £18,000,000 and the movement has since been accelerated. One well-known retail provision company has a capital of a million pounds and another of two and a half million pounds. These large firms spread by setting up branches in both town and country, so that nowhere is the private shop-keeper secure from their competition. The prospectus of Lipton's Limited showed seventy-two branches in London and 181 in the provinces. The cheap restaurants of London are in the hands of four or five firms. The London milk trade is in the same condition. One tobacco company has over a hundred branches.

Where monopolies do not exist in the retail trade combines are generally arranged to control prices. The bakers, for instance, have a price list, and should any baker break away from it he is speedily starved out by the combination of the other bakers to reduce prices still lower. After he is disposed of the prices are raised again. The larger breweries have almost wiped out the private publican by taking over licenses through their nominees, and converting public houses into what are called "tied houses" bound to sell only particular kinds of liquor. Some of the large millers are getting a similar control over the baking trade by setting up employees of their own in bakers' shops, or by granting credit on condition of exclusive dealing.

"The Proprietary Articles Trade Association," consisting of both wholesale and retail chemists and druggists, is an extensive organization. It was organized in 1896 and one year later included 1,700 retailers and nearly all the wholesale firms. The members bind themselves not to sell below fixed wholesale and retail prices. A statement published by that association in the *Pharmaceutical Journal* says: "The plan by which prices are secured is simple. The proprietors of articles upon our list undertake to withhold supplies of their articles from any firm selling

any one of them below the minimum prices or from any firm who after due notice supplies such a cutter with any of the goods."

"The Chemists' Aerated Mineral Waters Association, Limited," is a co-operative organization including 4,000 chemists.

Such was the condition of affairs in Britain in 1899, when Mr. Macrosty wrote his article. A great many more combines have been established in Britain since the year 1899.

It is evident that neither protection nor free trade can be blamed for the existence of combines. They flourish under both systems and a successful plan to regulate them has not yet been devised.

WILL NOT MAKE THEM ANGRY

One of the reasons frequently given for maintaining a low tariff is that we would offend our neighbors in the United States by adopting high protection. The *Protectionist*, one of the organs of the United States manufacturers, says :

"The reported intention of Canada to increase Tariff duties on certain manufac-

tures is said by Free-Traders to mean 'retaliation' for her 'unfair treatment' by the United States in the matter of trade exchanges; but is it not more probable that it means that Canada wants to give more adequate protection to her manufacturing industries? The Canadians cannot be blamed for wanting to develop their own resources to the fullest extent that is possible."

The manufacturers of the United States, whom a high Canadian tariff would hit hardest, are not at all disposed to be angry with Canadians because we think of raising our tariff. They will not waste any time in mourning over the loss of the Canadian market when the new tariff is adopted, but will hasten to establish branch factories in Canada, giving employment to Canadian labor and making a profitable home market for Canadian farmers.